

USAWC STRATEGY RESEARCH PROJECT

**Economic Sanctions Targeting Yugoslavia – An Effective National Security Strategy Component**

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Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE <b>APR 2003</b>		2. REPORT TYPE		3. DATES COVERED -	
4. TITLE AND SUBTITLE <b>Economic Sanctions Targeting Yugoslavia An Effective National Security Strategy Component</b>				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) <b>Charles Kacsur;</b>				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) <b>U.S. Army War College, Carlisle Barracks, Carlisle, PA, 17013-5050,</b>				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT <b>Approved for public release; distribution unlimited</b>					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT <b>See attached file.</b>					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES <b>50</b>	19a. NAME OF RESPONSIBLE PERSON
a. REPORT <b>unclassified</b>	b. ABSTRACT <b>unclassified</b>	c. THIS PAGE <b>unclassified</b>			



## ABSTRACT

AUTHOR: COL Charles J. Kacsur Jr

TITLE: Economic Sanctions Targeting Yugoslavia – An Effective National Security Strategy Component

FORMAT: Strategy Research Project

DATE: 22 January 2003      PAGES: 50      CLASSIFICATION: Unclassified

Economic sanctions were an effective and significant component of the United States' strategy in dealing with Yugoslavia and its leadership. Sanctions imposed by the United Nations assisted in the adoption of the Dayton Peace Accord and later the ouster of President Slobodan Milosevic. Economic sanctions took many forms against Yugoslavia including the use of unilateral, multilateral and targeted or "smart" sanctions. The 20<sup>th</sup> Century saw the use of various types of sanctions by governments as an alternative to war or at least a decisive military engagement. This research paper provides a general survey explaining use of various economic sanctions by the United States and the effective role of sanctions against Yugoslavia during the last ten years. The study results in suggested guidelines for senior national leaders when considering the use of economic sanctions as part of a national security strategy.



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## ECONOMIC SANCTIONS TARGETING YUGOSLAVIA – AN EFFECTIVE NATIONAL SECURITY STRATEGY COMPONENT

“A nation boycotted is a nation in sight of surrender...Apply this economic, peaceful, silent, deadly remedy and there will be no need for force.”

—President Woodrow Wilson

### ECONOMIC SANCTIONS

Strategy formulation is often very complex, frequently more art than science, usually dependent on more than one national asset or action to achieve the desires our leaders set out for a nation to accomplish. Economic sanctions serve policymakers as a strategic option to obtain national objectives. Sanctions are best used in conjunction with other national policy options and not alone.

The nation can employ a number of instruments of power to achieve a particular goal. The United States Army War College's Strategy Formulation Model<sup>1</sup> identifies three key components of national policy: military, economic and diplomatic factors. They combine and intermingle as needed to support this country's objectives throughout the world. Use of economics both as an incentive, such as grants, or as a coercive tool, like sanctions has long been recognized as economic statecraft; the power of the purse.

This paper will provide an historic overview on the purpose and use of sanctions; discuss the basic types of sanctions at the policymakers' disposal and effective measurement tools. Additionally, this discussion examines the role of sanctions against Yugoslavia during the 1990s against a framework of proposed sanctions architecture and recommendations for strategic leaders considering economic sanctions.

### DEFINITIONS

Before one can appreciate the impact of sanctions, one needs to understand key terms in relation to economic sanctions. This includes defining what sanctions can accomplish and their limitations in terms of economic statecraft. The following terms are critical to any study of the subject:

*Sanctions*: the deliberate, government-inspired withdrawal or threat of withdrawal, of customary trade and financial relations with a target country in an effort to change that country's policies.<sup>2</sup> Policies are defined primarily by political or military behavior. This excludes sanctions used to open up access to markets or compliance with trade agreements.<sup>3</sup> These are purely

economic motivations. This strategic research paper uses sanctions to change the political or military framework of another country.

*Sender:* is the principal author of the sanctions. More than one country may be involved. However, normally one country (sender) takes the lead and usually brings others into the fold either bilaterally or multilaterally through an international organization.<sup>4</sup>

*Target:* is the immediate object of the sanctions episode, which is usually a single country. However, economic sanctions may apply against two or more countries.<sup>5</sup>

## HISTORY OF ECONOMIC SANCTIONS

Nations have used sanctions quite extensively from the early 20<sup>th</sup> century to the present. However, sanction use is not a new concept. The Peloponnesian War records the use of sanctions between Megaria and the Athenian Empire "[t]hen Pericles the Olympian in his wrath. Thundered lightened, threw Hellas into confusion, passed laws ... the Megarians shall not be on our land, *in our market*, on the sea..."<sup>6</sup> (emphasis added). Truly, economic sanctions have survived the test of time. Even a young United States implemented export sanctions in 1807. Napoleon blockaded trade between the continental Europe and Great Britain. The British likewise responded in kind and stopped shipping into Europe to include any movements originating from the neutral United States. The United States responded with grain export sanctions to Britain. This had a telling impact by 1810 on Britain who began suffering agricultural setbacks. However, economic sanctions are not always successful, but they remain a viable weapon in a nation's arsenal of national policy weapons. Economic sanctions are simply efforts for one country to punish another country for not complying with its demands.<sup>7</sup> Although the United States used sanctions in its infancy, it was not until much later that sanctions would take on a larger role in U.S. policy actions.

The United States, beginning in World War I, has displayed an appetite for the use of economic sanctions. The United States, acting alone or with other nations, has enacted economic sanctions more than 115 times, against as many as 70 countries.<sup>8</sup> No other country has used sanctions as much as we have since the end of World War I.

Why does the United States choose such instruments? I suggest it is a waypoint between harsh words and military action. Economic sanctions provide the United States a capability to use its vast economic strength in lieu of, presaging or in concert with its military force. It can exploit its global economic reach and impact a specific nation or nations, as it desires. The very act of starting a sanction is done with a stroke of a pen. Sanctions will often have an impact on another country faster than the United States military can sortie, arrive on station or put boots

on the ground. Conversely, the United States may turn-off sanctions as fast as it turned them on. In contrast, it may be a lot harder to extract military force once engaged. The president will often solely act or work with Congress to create effective sanctions. The United States can use the presidential directive or congressional authorization as needed. The presidential directive permits the United States to respond quickly. The congressional process itself sends a determined signal to a target nation that the entire nation is engaged, if that nation had doubts. Congressional authority may provide the President with additional authorities for that specific situation.

The bloodshed of World War I profoundly influenced world political leaders to seek solutions. Official proposals other than military initiatives, such as the League of Nations, to help prevent further slaughter of humankind that received worldwide support. President Woodrow Wilson and other world leaders felt had to be other ways to punish nation's behavior. Leaders sought some middle ground between diplomatic letters of protest and putting a nation's military into the field in order to coerce another to the will of the world or at least the United States. The answer to President Wilson was economic sanctions. His quote at the beginning of this paper demonstrates his strong belief in sanctions. Wilson's claim was not just wishful thinking. He realized the real might of the United States would lie in its industry and financial markets, United States military strength notwithstanding. He declared in 1919, "[t]he financial leadership will be ours. The industrial primacy will be ours. The commercial advantage will be ours."<sup>9</sup> During this time, the United States was well on its way to becoming the world's dominant economic power. By 1929, the United States possessed fifty percent of the world's industrial production.<sup>10</sup> Financial markets were not far behind. New York rivaled, if not surpassed, London as the world's center for high finance.

Since President Wilson's pronouncement, the United States has aggressively pursued sanctions on its own or through the United Nations to influence other nations. America had decided to use its economic might as a serious statecraft tool. In the 1990s alone, the United States targeted 35 countries.<sup>11</sup> Although sanctions have been used by the United States, they have met with mixed results. Like any military operation, it is important to choose the right type of weapon for the best possible affect.

## ECONOMIC SANCTION WEAPONS

The United States can select or combine a number of sanction weapons such as limiting exports, imports, financial flows, and “smart” or targeted sanctions. Most often, than not, the United States has preferred to employ export or financial sanctions to stopping imports. Thus, the United States as the sender country limits economic contact with the target country. This is due to the position of the United States as a major exporter of goods, services, and financial capital either directly or through agencies as the World Bank or International Monetary Fund. The United States can turn the faucet off quickly within the United States through executive order or legislation. Sanctions are especially effective in the area of finance and banking where executive orders to freeze assets or deny credit can happen in minutes electronically.

Trying to limit exports from a target country is more difficult. Often the target country can circumvent a sender country's import restrictions by going through a third country or utilizing porous borders like Cuba has done for over thirty years. There have been exceptions. Targeted or “smart” sanctions have recently come into play.

Targeted sanctions focus on specific sectors or aspects of a target country's economy. Many feel that targeted sanctions allow the United States to focus on the specific issue such as impeding a targeted country's military. Specific targeting lessens concerns third party nations may have with United States actions. Allowing the United States to achieve consensus or at the least lack of strong public protest or actions from other nations. As M. Diana Helweg states, targeting “[a]llows the United States to focus its efforts, refine its tools, and achieve a greater effect. Also, target sanctions reduce the unintended consequences for ordinary people living under a regime by focusing the application.”<sup>12</sup> The United States, along with other nations, employed with great success all the sanction weapons mentioned bringing tremendous pressure on the Yugoslavian leadership during the 1990s with great success.

Economic sanctions are not just a weapon for the United States; nations and regional alliances, such as the European Union, throughout the world use them. Economic sanctions are a legal tool recognized not only under United States law but also codified by the United Nations. The legal basis for sanctions used by the United States comes from many sources, presidential executive order, laws initiated by Congress, and implementing United Nations resolutions. Presidential executive order is often the quickest way for the United States to introduce sanctions. However, Congress itself is often engaged in economic sanction policy, e.g., Cuba. Currently there are 42 federal laws authorizing sanctions.<sup>13</sup>

The United Nations charter provides for using sanctions as a way to deal with threats to peace and aggression. Article 41 states “[t]he Security Council may decide what measures not

involving the use of armed force are to be employed to give effect to its decisions, and it may call upon the Members of the United Nations to apply such measures. *These may include complete or partial interruption of economic relations* (emphasis added) and of rail, sea, air, postal, telegraphic, radio, and other means of communication, and the severance of diplomatic relations.”<sup>14</sup>

The United Nations has also developed an appetite for using sanctions. From 1990 to the present, the United Nations through the Security Council imposed sanctions on 11 countries.<sup>15</sup> Compared to the period of 1945 – 1989 when the United Nations formally sanctioned only Rhodesia (1966) and South Africa (1977).<sup>16</sup> The demise of the Soviet Union reduced opposition to using sanctions championed by the United States in the Security Council. Clearly, United States policymakers should consider the auspices of United Nations authorization. If for nothing else, United Nations authorization will reduce third country concerns. United Nations authorization gives the United States political cover to use the United Nations as a public forum and can effectively deny this same platform to the target country.

## IMPOSING ECONOMIC SANCTIONS

The United States has three primary ways of imposing sanctions: unilateral, multilateral, and secondary. Unilateral speaks for itself. The United States does not seek support from other countries for whatever reasons it goes in alone. Multilaterally aligning with other countries can multiply the power and effectiveness of the sanctions. The United Nations provides a legitimate platform for multilateral efforts. The United States has not been shy about using this approach. The primary driver for United Nations imposed sanctions on those eleven countries since 1990 has been the United States. Figure 1 displays the United States shift from dependence on unilaterally imposed sanctions to multilateral sanctions during the 20th Century. Clearly, there has been a change in United States policy.

However, do sanctions work? The answer probably is not black and white. There has been some work done by academics to look previous sanction episodes to determine this questions. There have been many approaches to this question and the next section will look at measuring the effectiveness of sanctions. From this review, this paper will examine the sanctions applied to Yugoslavia measured by the model selected.



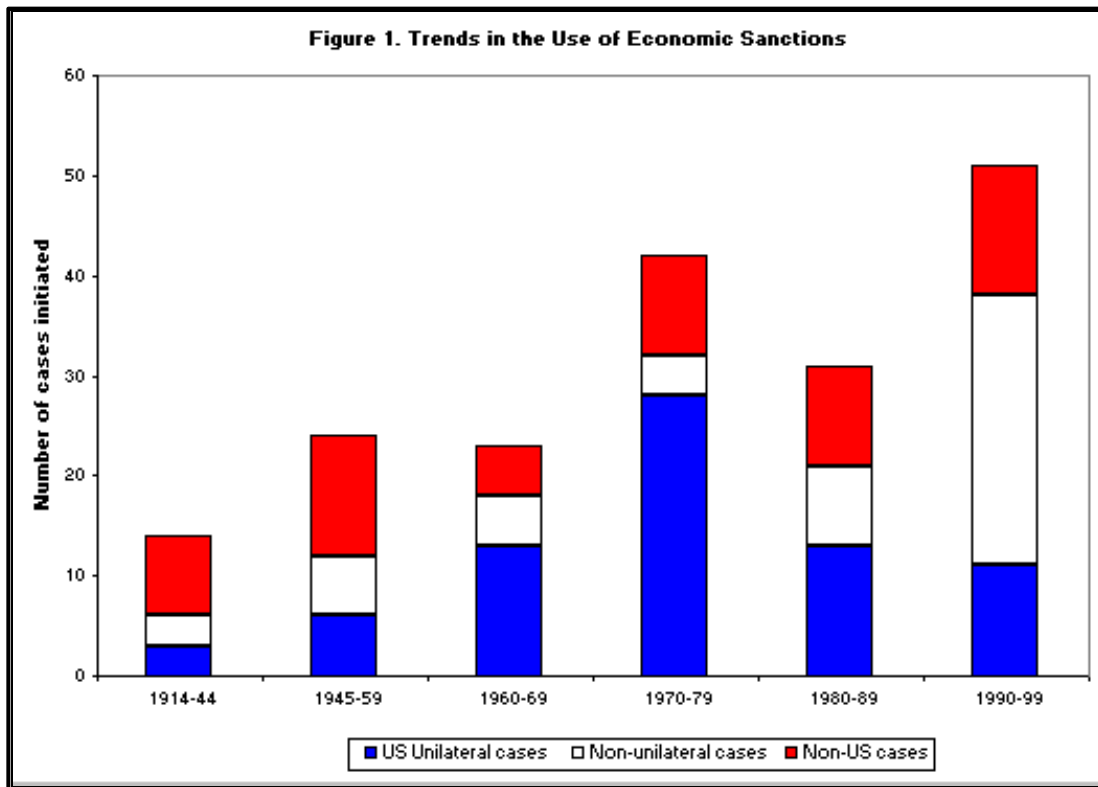


FIGURE 1 TRENDS IN USE OF ECONOMIC SANCTIONS

### MEASURING SUCCESS

A number of academic writers have developed theories explaining sanctions and their impact. Only one group has developed an empirical model. Gary Clyde Hufbauer, Jeffrey J. Schott and Kimberly A. Elliot's (HSE) model is probably the most empirical theory and most widely used. HSE state there are two primary sets of variables to evaluate in a sanctions episode: political and economic.

Among the political variables are companion policies such as military activity; the length of time sanctions are enforced; extent of international cooperation; and the political stability and economic health of the target country. Economic variables include: cost to the target country in terms of lost GNP, measurement of trade between sender and target country, the relative economic size of each country as measured by the GNP ratio, types of sanctions imposed (export, import, financial); and cost to the sender country.

HSE assigns all efforts a value of 1 (no effect or significance) to 4 (very effective). Multiplying evaluations will generate a score of 1 – 16:

Success of a sanctions episode	=	Achievement of policy goals	×	Contribution made by sanctions
(1-16)		(1-4)		(1-4)

TABLE 1 - HSE EVALUATION FORMULA

A successful score of a successful sanction is nine or higher. HSE determined at a score of nine economic sanctions had a modest impact on the goals set by the sender country. A score of 16 shows sanctions made a major contribution to the goal.

The HSE study was very inclusive. They reviewed 115 cases (not all were episodes with the United States as the sender nation) of economic sanctions from the period of 1914 – 1980. Their analysis finds 34% or 40 cases were successful.<sup>17</sup> This is higher than many had previously thought.

Others offer varied opinions on HSE's work and point out other issues to consider. Richard Haass, in his work, Economic Sanctions and American Diplomacy<sup>18</sup>, makes the case that HSE did not go far enough. He agrees with David Baldwin who wrote in Economic Statecraft<sup>19</sup> "[a]ny judgment of the of sanctions utility should not be made in isolation, but compared to what could have been expected from using other policy tools, including private and public diplomacy, covert action, and military intervention. Thus, what is required is not just a weighing of the costs and benefits of a particular sanction but a comparison of the likely costs and benefits that would result from doing something else or nothing at all."<sup>20</sup> Opportunity or competing costs are an important point to consider when evaluating sanctions. However, it is often hard to anticipate alternative actions and following them to conclusion with any certainty. HSE focuses on what transpired, not on what may have been.

Conversely, Robert A. Pape takes the HSE study and says economic sanctions do not work. His thought is target countries will resist pressure brought about by sanctions. Sanctions may likely increase nationalism amongst the populace and/or the ruling elites will transfer the burden of sanctions from themselves to others within the target nation. Pape's review of the HSE data says they discounted the use of military force. He states, "the largest category of error is represented by the 18 cases that were determined by the use of force by the sanctioner...In each of these cases, force was both sufficient and necessary to cause the outcome, while economic sanctions played little role."<sup>21</sup> His review adds more in-depth analysis about the mix of military force in to the equation. According to Pape military force, conventional, unconventional, naval blockades, air blockades or "no-fly zones" was more of the instigator to a

target country changing behavior. Military forces were the key enabler, not economic sanctions. Pape's conclusion is when evaluate military force sanctions worked only about 5 percent of the time, not 34 percent. HSE recognizes military efforts as companion policies and vital to overall success. However, HSE chose to focus on the economics. Additionally, HSE recognized the need to evaluate costs to the sender country. Outlined in the next section are costs to American industry and its citizens, which policymakers must consider.

All of the discussions have one theme in common. They evaluate the level of success after a significant amount of time has lapsed from the beginning of an imposed sanction. Later in the paper, I describe key features that can lead to successful sanctions. HSE's study remains the gold standard for policymakers to use in evaluating sanctions usefulness. Haass and Pape offer well-constructed criticisms; however, they and others have yet to offer an improved basis for empirical study or a process to develop effective sanctions by a sender nation.

#### COSTS TO THE UNITED STATES AS THE SENDER COUNTRY

"Pulling business out of a country is like bringing all the missionaries home."

—Michael Gadbaw, senior counsel for General Electric Company<sup>22</sup>

Sanctions, by definition, disrupt trade between sender and target. Economists focus on two types of costs: loss of income to a particular group or industry, and reductions to the nation as a whole.<sup>23</sup> The United States, when considering sanctions, must analyze domestic impacts as well and how much impact the United States can tolerate to pursue sanctions. Will United States industry incur costs? Alternatively, will the impacted industry move into other markets? Will sanctions inhibit our overall growth? In the long term, do we lose markets internationally as target nations seek products from other nations or attempt to create its own supply? Will the target and other countries view the United States as an unreliable trading partner? These questions are essential to answer for policymakers especially in the case of unilateral sanctions. The 1980 grain embargo between the United States and the Soviet Union is a case in point. The GAO reported "...the nations of Canada, Australia, Argentina, and the European Community increased wheat sales to the Soviets; the United States in turn shifted wheat sales to customers of these countries. The Soviets were able to replace the wheat trade lost from the United States embargo by purchasing from these suppliers."<sup>24</sup> However, it takes time for markets to adjust and find other buyers. Perhaps not at better or at least equal prices either. Ultimately, the United States did not gain any advantage from this failed sanction with the Soviet Union.

These questions on impacts to the United States and the historic issues discussed develop considerations policymakers must understand before using sanctions.

## PRINCIPLES FOR USING ECONOMIC SANCTIONS

The authors of the HSE study made nine recommendations<sup>25</sup> for policymakers to consider when deciding the use of economic sanctions. If national leaders followed more of these guidelines are included in the sanctions architecture, the better the effect and ultimate success in achieving national policy goals. Additionally, I offer three additional planning considerations.

*Do not bite off more than you can chew, that is, do not set the bar too high.* Sender countries often have too high of expectations in what sanctions will cause the target country to do. Sanctions may cause serious economic effects on the target, but that does not mean success. Policymakers must ensure economic results work toward the political goals.

*Do not pick on someone your own size or big fish eat little fish.* The less impact sanctions have on the United States (sender) versus the high impact on the target country the better. HSE study shows better success rates when a sender country's economy is "50 times greater than the target's country."<sup>26</sup> In other words, the sender can absorb the blow much, much easier than the target country. Something the United States is in a position to absorb as the sender country given our tremendous economic advantage over other countries. If the target is close to your size, they may be able to retaliate quite effectively or wait out the sanction.

*Pick on the weak and helpless.* This makes sense that countries already in economic and political chaos will more likely succumb to economic pressure. However, there have been exceptions. South Korea gave into United States pressure in the 1970s and was not a country in chaos. More likely South Korea saw its concerns for maintaining United States security presence as an overriding goal.

*Impose maximum cost on your adversary.* HSE states and most experts agree, "[a] heavy, slow hand invites both evasion and the mobilization of domestic opinion in the target country."<sup>27</sup> Conversely, ratcheting up allows target countries to seek support elsewhere and develop stronger sense of nationalism among its people if applied too slowly.

*Apply sanctions decisively or "in for a penny in for a pound."* HSE study shows sanctions affecting a target countries' GNP by 2 percent or greater often invites success. At 2 percent, a target country is suffering the costs equivalent to a moderate recession.<sup>28</sup> Failed sanctions often affected targets by less than 1 percent of GNP.<sup>29</sup> Implied here is that the target cannot compensate with another large country for those goods and services.

*Do not pay too high of a price for sanctions.* Avoid high costs to yourself. Look at what is going to happen to the United States economy. Is one particular economic group or industry impacted? Can they recover and how? The United States often uses financial sanctions first because they will affect the target country immediately with little impact on our own financial markets.

*Select the right tool for the job.*<sup>30</sup> Use sanctions along with other measures such as military operations or diplomatic measures. Use what you need to get the job done. Sanctions are better suited in obtaining modest policy goals or military impairment (cutting off weapons systems or technology). Use military or other diplomatic measures to generate major policy changes or destabilization.

*Do not overestimate the use of international cooperation.* The HSE study did not show multilateral sanctions had a greater success rate than unilateral sanctions on a target.<sup>31</sup> Since first published 1986, there is a growing body of evidence to suggest otherwise. The GAO recently reported after their study of United States sanctions in the 20<sup>th</sup> century, “[m]ultilateral sanctions can usually impose greater economic pressure on the target... As more nations impose selected sanctions, the psychological threat of future measures...is made more credible. Multilateral measures [sanctions] also increase chances for political success...”<sup>32</sup>

*Plan carefully.* What is the national policy objective? Sanctions are often referred to as a blunt instrument. They cannot strike with precision. The sender must consider the “collateral damage” or unintended impacts such as harming children, perhaps ethnic minorities within a country, impacts on allies and domestic support over the long term.

In addition to the guidelines provided by HSE, policymakers should also consider:

*Information Operations.* Make sanctions visible to all. As the GAO sanctions study states, “[i]nternational publicity is vital when the goal of sanctions is to punish the target for violating international norms, deter the target or other nations from displaying future unacceptable behavior or show support for the political opposition in the target.”<sup>33</sup> International publicity may dampen a target country’s ability to generate sympathy from other countries or from its own people. Assuming the target country’s people has access to information outside the target country’s control such as satellite television and the internet.

*Time.* It is very difficult to gage the time needed for sanctions to stay engaged. Sender countries should not make sanctions a permanent feature of its national policy against the target country e.g. Cuba. David Cortwright and George Lopez’s study on sanctions point out the damage sanctions “...are likely to cause to the long-term infrastructure of that country may far

exceed the extent of the wrong committed.”<sup>34</sup> Again, unless planned, time may very well also serve to aggravate and multiply unintended consequences.

*Sanctions served on friends work better.* The cost of not complying with the sender’s wishes for the target country is too great because of the strong desire for close ties economically and/or culturally. A friendly country may begin to feel isolated when cut off from a strong friendly relationship. South Korea, mentioned earlier, is a good example. However, sanctions may be less likely imposed for just the same reason. The target country is our friend.

Let us now examine the ten-year effort to use sanctions as a national policy tool armed with this background and common framework.

### **SANCTIONS AGAINST THE FORMER YUGOSLAVIA 1991 – 2001**

“The economic sanctions against the Federal Republic of Yugoslavia...have been remarkably effective...and may well have been the most important reason for the Government in Belgrade changing its policies and accepting a negotiated peace agreement.”

— Report of the Copenhagen Round Table of UN Sanctions <sup>35</sup>



FIGURE 2 MAP OF FRY

The world community used sanctions extensively against the former Yugoslavia over a period of ten years during two distinct phases. The first phase ran from 1991 to the signing of the Dayton Peace Accords in November 1995. While the second phase operated after

implementing the Dayton Peace Accords through the removal of Slobodan Milosevic as President and establishment of a new democratic regime in what remains of Yugoslavia. The remainder of this discussion will focus on Yugoslavia the nation for background, examine the events leading up to the use of sanctions, their impacts using HSE evaluation guidelines and lessons policymakers can take from this sanctions episode.

Sanctions just did not happen. A brief look into Yugoslavia's past will help bring an understanding what brought much of the world's focus on this country throughout 1990s. It is necessary to understand Yugoslavia and the region's history, its economics and military strength.

### PRIOR TO THE 20<sup>TH</sup> CENTURY

Much of this period's conflict comes from 20<sup>th</sup> century events. However, there is wisdom in looking further back to set the stage for what transpired in the 20<sup>th</sup> century and within the 1990s specifically. It would take another paper to dive into this subject alone. I intend to provide a brief overview.<sup>36</sup>

Hatreds run long and deep in the Balkans. This area served as the border between the Muslim and Christian (to include western and eastern or orthodox churches) sphere of influence. Here the confluence of both Muslim and Christian concepts of worship, social and mercantile processes whirled together or swirled around each other. Trade and warriors moved throughout the area trying to dominate the scene. The Ottoman/Turkish Empire dominated the region for 500 years. In the 1800s, the Austro-Hungarian Empire succeeded the Ottomans as Turkish influence waned. The Serbs had developed a kingdom, in the Middle Ages, primarily in the Kosovo region. They lost ground to Ottoman conquests and reestablished their domain in the Belgrade region. Thus, Christian Orthodox Serbs would lie in the border area between the Catholic Croats of the Austrian-Hungarian Empire and the Islamic Ottoman Empire.

During those 500 years of Ottoman rule another ethnic group developed amongst the Serbs and Croats who were at the epicenter of this conflict between east and west. The Bosnian people developed over these centuries. They were comprised of Serbs and Croats who converted to Islam. By converting their religion, they enjoyed the fruits of victory at the apex of the Ottoman Empire. The Ottoman Empire used the Bosnians to administer and repress the Croats and Serbs.

### THE 20<sup>TH</sup> CENTURY

The decline of the Ottoman Empire encouraged the Serbs to stage several revolts in the 1800s.<sup>37</sup> The Congress of Berlin in 1882 recognized an independent Serbian kingdom. The

concept of a southern Slavic federation began to take shape. This concept was championed primarily by the Serbs who were first to achieve independence from foreign rule. The breakup of the Austria-Hungarian Empire after World War I saw the development of Yugoslavia. The first Yugoslav state known as the Kingdom of Serbs, Croats and Slovenes was established. In 1929, King Alexander Karadjordjevic established a royal dictatorship. Croats continued to press for autonomy and finally achieving it in 1939. Croats were the industrial base of Yugoslavia and felt closer ties to the remainder of the country would inhibit their growth.

As the Europe enters World War II, Yugoslavia is a country consisting of six major ethnic groups somewhat in line with their geographic regions from north to south: Slovenia, Croatia, Bosnia-Herzegovina, Serbia, Montenegro, and Macedonia. Two provinces are included in Serbia: Vojvodina and Kosovo. Vojvodina borders on Hungary and populated heavily by ethnic Hungarians. Kosovo, the spiritual home of the Serbs in southern Serbia now settled by Albanians who are Muslim. Albanians represent about ninety percent of the Kosovo population.<sup>38</sup>

During World War II, the Germans quickly occupied the Balkan region and carved up the Yugoslav nation. The Croats thirsting for independence rather than autonomy quickly allied with the Germans. They develop a fascist state of their own and promptly started to brutalizing Jews and Serbs. The Serb region also established a fascist nation. However, resistance to the Germans and both fascist governments developed throughout the country.

Two major resistance movements develop the "...largely Serb forces under Draza Mihailovic known as the Chetniks, and the Partisans under Josip Broz Tito."<sup>39</sup> Mihailovic is pro-monarchy while Tito is a communist. Tito is a Croat but commands a blend of many ethnic groups in the Partisans. Thus, each has a much different vision for the country. Throughout the war, Mihailovic was more determined to fight Tito than the Germans. The allies, cognizant of tying down as many German divisions in the Balkans threw their support and supplies behind Tito. Tito, flush with allied supplies and support, gained on Mihailovic, defeated the Germans and liberated the region largely on their own. By doing so, Tito gained widespread support throughout the region. "The fact that the Partisans succeeded in reuniting Yugoslavia without the intervention of the Red Army...generated more genuine popular support for the communists than existed elsewhere in East-Central Europe."<sup>40</sup>

Tito led Yugoslavia out of the World War and towards an independent form of communism. Not part of the Warsaw Pact, Tito courted the west while still maintaining a firm grip on internal power. The west rewarded Tito for his independence and his role as a strategic thorn in the Warsaw Pact's underbelly. Tito masterfully kept checks and balances working on



all ethnic groups. His policy of brotherhood and unity served to keep ethnic tensions low. Yugoslavia maintained its independence since “Tito advanced the status of the traditional underdogs in Yugoslavia-the Muslim Slavs of Bosnia-Herzegovina, the Albanians of Kosovo and the Macedonians-and placed checks on the dominating Croats and Serbs. While the former attained cultural rights, recognition and status beyond what was ever achieved before.”<sup>41</sup> However, Tito let Serbs “rule” over Croats. Under Tito, Croats made up only 15 percent of the military officer corps and Serbs ran the communist party Croatia. “The Croatian communist leadership was always disproportionately Serbian,” while only accounting for 14 percent of the population in Croatia.<sup>42</sup> Tito would also severely suppress and nationalistic actions or sentiments expressed by government or private officials.

Tito was the undisputed leader and symbol of national unity. His constitution of 1974 provided for a “[c]ollective presidency rotating among the republics, with the small treated equally with the large.”<sup>43</sup> Ironically, a strong leader who kept the country together while balancing the demands of large and small ethnic groups would set the stage for prohibiting any future strong leader to emerge that would eventually cause ethnic tensions to rise.

#### EVENTS LEADING UP TO THE USE OF SANCTIONS

Tito passed away in 1980 and gone was any semblance of unity within the southern Slavs. Slowly, the central government and power sharing agreements began to unravel over the next ten years. The Serbs, in particular, are chaffing having to give equal voice to the much smaller republics and ethnic groups such as the Macedonians or Kosovo Albanians. Yugoslavia’s economy of socialist self-management begins to fall apart. “Nationwide, in 1989, the unemployment rate measured approximately 20 percent, some 60 percent of the population was living at or below the poverty line, and inflation had climbed to 2,500 percent. Former Yugoslavia also had the highest per capita debt in Europe, totaling \$20 billion.”<sup>44</sup> At the same time the Soviet Union and the Warsaw Pact was collapsing. “No longer could it be argued that Yugoslavia’s unity and territorial integrity were essential to America’s vital security interests,”<sup>45</sup> reports Warren Zimmermann in his analysis of his events leading to Yugoslavia’s demise. Prior to the Soviet Union collapsing, America and our NATO allies may have jumped into the Yugoslavia of old and helped with more economic aid and political support. Almost overnight, Yugoslavia was of no consequence to the West, especially the United States. Various ethnic groups were looking for their “rightful” share of the economy and political leadership. Enter Slobodan Milosevic of Serbia and Franjo Tudjman of Croatia, both riding nationalistic desires of the two largest ethnic groups within Yugoslavia.

Milosevic, who climbed through the Serbian party apparatus in the 1980s, played on Serbian emotions for greater economic wealth, political rule and helping Serbians living in republics outside of Serbia. He rose through the ranks quickly by encouraging these concepts of Serbian superiority. In 1988, he became President of Serbia and stripped away the autonomy of Kosovo and Vojvodina. Autonomy they have enjoyed since the beginning of Tito's reign. Tudjman followed much the same path for Croatia. As Stedman writes, "[i]n important ways Milosevic and Tudjman were necessary for each other; Milosevic's Serbian nationalism provided fertile ground for Tudjman's ethnic national appeals, which in turn reinforced Milosevic's ethnic warning and diatribes."<sup>46</sup> The rest of the republic saw especially Milosevic's moves as the beginnings of Serb dominance and establishment of a Greater Serbia. Yugoslavia begins to unravel very quickly.

In 1990, democratic elections brought independence minded leaders in power not only in Croatia and Serbia, but in Slovenia as well. Slovenia is the most northern and western oriented of the republics in Yugoslavia. Slovenia declared its independence in June 1991, which set off a brief and intense conflict between the Slovenes and the Yugoslav Army. Meanwhile, the Serbs adopted a new constitution for their republic formally stripping away all autonomy for Kosovo and Vojvodina. Croatia, sensing opportunity, followed Slovenia and declared its independence. The European Union recognized Slovenia's independence in January 1992. The United States waited until April 1992 to recognize Slovenia, Croatia and Bosnia as independent countries. The United States held off while trying to keep the Yugoslav confederation together.

Independence among ethnically based countries created a crisis that developed between Croatia and its Serbian minorities, who until this point were enjoying much more political and economic power in Croatia than their population size might warrant at first glance. The Serbs in Croatia (Krajina Serbs) backed by the Yugoslav military attempt to carve out their own piece of Croatian territory. By the end of 1991, Krajina Serbs controlled nearly one-third of the country.<sup>47</sup> Meanwhile, the Croats and Serbs were concerned about their ethnic brethren in Bosnia. Both Croatia and Serbia had designs on Bosnia and there is some evidence they agreed to carve-up the country between them.<sup>48</sup> Except for Slovenia, fighting erupted everywhere in Yugoslavia.

The Western world grows increasingly concerned. Violence is disrupting trade and commerce passing through the Balkans. Refugees begin to spill out to neighboring countries such as Hungary and Romania bringing unwanted burdens and pressure onto these fledgling democracies. However, what could nations do? The European Union, United States and the

United Nations reached for available policy tools. There was no desire to use military force at this time. Sanctions came into play as a policy weapon of choice.

## USE OF SANCTIONS IN YUGOSLAVIA

“Sanctions, as preventive or punitive measures, have the potential to encourage political dialogue, while the application of rigorous economic and political sanctions can diminish the capacity of the protagonists to sustain a prolonged fight” - United Nations Secretary

—General Kofi Annan <sup>49</sup>

Sanctions seemed a middle ground between doing little or nothing to stop the behavior of all and the outright use of force by the West on Yugoslavia. We had just been through Desert Storm and did not favor another fight for a minor (to the United States anyway) part of the global strategic strategy. However, it was clear the United States alone could not alone dictate sanctions, nor could the European Union. The United Nations became the vehicle for sanctions allowing a multilateral approach.

This section of the paper will review the United Nations sanctions, evaluate their effectiveness in achieving policy goals, and review lessons learned.

## UNITED NATIONS SANCTIONS IMPACTING ON YUGOSLAVIA<sup>50</sup>

The United Nations passed over 140 sanctions on Yugoslavia in the past 12 years.<sup>51</sup> Many of them merely reaffirm key sanctions resolutions or encourage on-going actions by the target nation. This paper will focus on key sanctions that actually implemented or significantly altered sanctions action in chronological order. It will first briefly explain key resolutions and second examine the effects.

## UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR 713) – THE ARMS EMBARGO

Progress continued towards stopping the fighting amongst the former Yugoslavian republics. The European Union brokered “Brioni Agreement” in July had ended the fighting in Slovenia. The leaders of Serbia, Croatia and the Federal Yugoslavian Army then sign a cease-fire agreement in September.<sup>52</sup> Small clashes continued and tensions remained high. The United Nations dispatched Protection Force – 1 to the disputed areas but was unable to achieve control over heavy weapons deployments and occasional use.

In response, the Security Council passed UNSCR 713 as its first sanction in September 1991. UNSCR 713 stated: “...all states shall, for the purposes of establishing peace and stability in Yugoslavia, immediately implement a general and complete embargo on all deliveries

of weapons and military equipment to Yugoslavia (all states that were formerly part of Yugoslavia).”<sup>53</sup> The intention was good, but there were no teeth or bite to the enforcement provisions and no one was in charge of supervising the sanctions. UNSCR 713 seemed like “Sense of Congress” in the United States, which is an opinion at best, but lacking in action. One needs to understand that no sanction would pass the Security Council without the consent of all five permanent members (United States, Great Britain, China, France and Russia). United Nations officials or members were probably reluctant to push any further at this time. The United Nations did not yet recognize Croatia and Slovenia as independent nations. In December, the United Nations followed up with UNSCR 724, which established a sanctions committee to monitor compliance. However, the Security Council did not provide enforcement powers.

#### UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR) 757 – ECONOMIC SANCTIONS

This is the first use of economic sanctions as opposed to an embargo that focused on military equipment and issues. The May 1992 resolution decreed “[t]he Council condemns the failure of the authorities in the Federal Republic of Yugoslavia (Serbia and Montenegro) [FRY] to take effective measures to fulfill the requirements of resolution 752 (UNSCR 752 calls on all parties to cease hostilities), and decides to impose comprehensive sanctions against the country.”<sup>54</sup>

This is the first action taken against the remains of the Federal Republic of Yugoslavia, namely Serbia and Montenegro (FRY). Clearly, the United Nations named the FRY as the aggressor. The sanctions covered quite a bit of activity to include a full trade embargo, flight ban, and prevention of FRY from participating in international sporting and cultural events. However, it allowed for the transshipment of petroleum, coal, steel and other products through the FRY, but no deliveries. It also permitted humanitarian trade with Yugoslavia such as medical supplies and food. The Security Council did not establish any mechanisms to monitor these efforts. This tough sounding but porous resolution would do little to prevent shipments entering FRY to remain. Alternatively, it was still possible for the FRY to forge certificates of origin to continue its exports.<sup>55</sup>

#### UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR) 787 – SANCTIONS ENFORCEMENT

The United Nations began to tighten the loopholes. Passed in November 1992 this resolution prohibited the transshipment of petroleum, coal, steel, and other products, unless

authorized on a case-by-case basis by the sanctions committee. “The Council calls upon States, acting nationally or through regional agencies or arrangements to use such measures as may be necessary to halt all inward and outward maritime shipping”<sup>56</sup> Now the United Nations begins to start enforcing its words with deeds. NATO and the European Union begin to intercept shipments through the Adriatic Sea and the Danube River.

#### UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR) 820 – TIGHTENING THE NOOSE

The United Nations implemented this sanction in response to the breakdown of the Vance-Owen peace process. The Vance-Owen peace process was a joint effort by the United States and the European Union (led by the United Kingdom) to peacefully settle ethnic disputes and national boundaries. In early 1993, the Bosnian Serbs rejected the peace plan. This resolution came in the heels of that decision. As Stedman writes: “As mediators began to drive a wedge between Milosevic and the Bosnian Serbs, the United Nations looked for ways to punish the latter and reward the former.”<sup>57</sup> Clearly, the Bosnian Serbs were supported by the FRY and personally by Milosevic. The United Nations had to weaken or cut ties between the FRY and the Bosnian Serbs. Sworn to their cause, the Bosnian Serbs had nothing to lose. However, the FRY did and this was the intent of closing the previous sanction resolution loopholes. UNSCR 820 states, “[i]t (the Security Council) decides to strengthen the sanctions regime imposed against the Federal Republic of Yugoslavia (Serbia and Montenegro) effective nine days after the date of adoption of the resolution, unless the Bosnia Serb party signs the peace plan and cease their military attacks in Bosnia and Herzegovina.”<sup>58</sup> The countries and organizations were now free and encouraged to enforce sanctions on the FRY. As discussed later, this along with other factors synergize to make Milosevic cut-off his support for the Bosnian Serbs and make leading to the Dayton Peace Accords on 1 November 1995.

#### UNITED NATIONS SECURITY RESOLUTION (UNSCR) 1074 - LIFTING THE SANCTIONS

The Security Council, on 1 October 1996, decided to terminate sanctions against the FRY and the Bosnian Serbs as an incentive for continued cooperation of the Dayton Peace Accords. The resolution does specify that the United Nations will reinstate sanctions at anytime if the FRY or the Bosnian Serbs renege from its agreements under the Dayton Peace Accords. However an informal wall of outer sanctions would continue, sponsored by a lead sender nation – the United States, keeping the financial squeeze on the FRY.

## THE “OUTER WALL” OF FINANCIAL TRANSACTIONS

President William Clinton, due to deteriorating conditions within the Balkans, took the informal wall of sanctions imposed on the FRY and made it formal. In June 1998, he signed Executive Order 13088<sup>59</sup> that codified the continuing check on the FRY, financial sanctions. The United States now made it policy to block the FRY from financial assistance from such institutions as the World Bank and the International Monetary Fund. The order denied the FRY or American companies conducting business with the FRY any financing or guarantees by such agencies as the U.S. Export-Import Bank and the Overseas Private Investment Corporation to name a few.<sup>60</sup> As Stedman writes, “[b]y sealing Serbia from access to investment capital and international loans, the sanctions ensured that no economic recovery was possible.” Money talks and it was now policy to hurt Milosevic, his supporters and the nation in the wallet for merely shifting efforts from Bosnia to ethnic cleansing in Kosovo.

## UNITED NATIONS SECURITY COUNCIL RESOLUTION (UNSCR) 1367 – SANCTIONS END

The United Nations Secretary General reported to the Security Council that the FRY was meeting all sanction objectives and recommended their removal. Milosevic’s regime ended with his ouster by elections and popular unrest in 2000 when he refused to acknowledge his loss. The new government had made many good faith efforts to reform and turn over war criminals. The Security Council voted unanimously on 10 September 2001 to lift the remaining sanctions and dissolve the FRY Sanctions Committee. The United States then lifted its formal wall of outer sanctions early in 2002. However, the United States continued to list 81 individuals who are still under the effects of the Presidential Order 13192 blocking their assets. All the individuals listed in the order are war criminals publicly indicted by the International Tribunal for Former Yugoslavia,<sup>61</sup> including Slobodan Milosevic, his immediate family, and closest associates.

## EFFECTIVENESS OF SANCTIONS

Sanctions figured prominently throughout the entire approximately ten-year period covering the breakup of Yugoslavia, through the ethnic cleansings to the removal of Slobodan Milosevic. The United Nations imposed sanctions in response to one crisis, the secession of Croatia and Slovenia. However, sanctions continued and modified throughout the ten-year period to deal with further and not necessarily anticipated affects of the crisis. However, were sanctions effective? Alternatively, were sanctions just merely window dressing or something that actually got in the way of resolving Yugoslavia’s issues? Many scholars have put sanctions in the perspective that Susan Woodward states “[s]anctions were an obvious choice

solution to this dilemma of moral pressure without strategic interest – between major powers' refusal to become militarily involved and the growing pressure for action from domestic publics outraged by their countries' apparent indifference to the particular immorality and injustice the war."<sup>62</sup> The remainder of this discussion will examine the use of sanctions against the FRY in the context of HSE's nine recommendations for policy makers and the additional factors of information operations, time and sanctions served on friends.

#### DON'T BITE OFF MORE THAN YOU CAN CHEW OR DON'T SET THE BAR TOO HIGH

There is always an expectation by proponents of any policy or instrument that their concept is the "silver bullet." Often it is from where you sit that colors an evaluation of sanctions towards to Yugoslavia. For many, sanctions were seen as an effective tool all by themselves. Just as Woodward describes above perhaps the bar was set to high. Especially as sanctions were not thoroughly game planned. As Stedman states "[p]olicymakers framed the decision to apply sanctions in contradictory logics. For some [the United States], sanctions were meant to punish Milosevic and lead to his overthrow."<sup>63</sup> For others, [most of the European Union] sanctions were a bargaining chip to persuade Milosevic to alter his policies and support a negotiated settlement to the war in Bosnia."<sup>64</sup> Initially the United States, European Union nor the United Nations developed a coherent strategy. This resulted in sending mixed signals to Yugoslavia and its various factions. The United Nations certainly did not bite off more that it could chew by starting with unenforceable and modest sanctions. The world community may not have chewed on the problem as much as it should and developed effective sanctions from the start. More than likely, faster more comprehensive and sophisticated sanctions such as later employed would have a more timely impact. Creating the conditions for the target country to change its policies or at least come to the bargaining table.

#### DON'T PICK ON SOMEONE YOUR OWN SIZE OR BIG FISH EAT LITTLE FISH

Clearly, this was not a major issue between sender nations and Yugoslavia. The HSE model recommends the user examine gross national product (GNP) to identify relative economic size between sender and target. I used gross domestic product (GDP) since it was data collection was more readily available and proportionally shows the same strength of each economy as GNP. Yugoslavia is insignificant, in GDP measures, compared to the United States and this is not even counting European Union comparisons. At the start of the conflict in 1991, Yugoslavia's (including all the republics) GDP measured about \$24.7 billion in United States dollars.<sup>65</sup> Conversely, the GDP of the U.S. was measured at \$5,917 billion. Trade between sender and target offers another measure. The United States imported \$1.0 billion

worth of goods while exporting \$2.4 billion to Yugoslavia.<sup>66</sup> At the macro level, cutting off business to the Yugoslavia would not cause a ripple. However, it was much more significant to the target country. Yugoslavia depended upon 8 percent of its exports going to the United States. Its relationship with Western Europe was greater. Sales to Western Europe accounted for 54 percent of its exports.<sup>67</sup> Sanctions enforced by the United States and Western Europe could significantly affect Yugoslavia since they bought two-thirds of Yugoslavia's goods. Yugoslavia would not be able to mitigate all of that loss by selling its products elsewhere. No matter the implementation strategy, the target was going to feel the pain way beyond anything the senders would collectively endure.

#### PICK ON THE WEAK AND HELPLESS

Sanctions by their nature are suppose to have negative effects on a target country's economy. The Yugoslavian's economy was particularly susceptible. As Selden points out '[t]he United Nations did not impose mandatory sanctions until May 1992, and the Yugoslavian economy (Serbia and Montenegro) was in a tailspin long before then."<sup>68</sup> Industrial production fell 18 percent from 1991-1992 and declined a further 25 percent in 1993. Agriculture lost too, with production dropping 18 percent from 1991 to 1992 and an additional 7 percent in 1993. Hyperinflation continued up eroding purchasing power. Real salaries fell 49 percent in 1992 alone.<sup>69</sup> By 1993, almost 80 percent of the population had fallen below the poverty line.<sup>70</sup> Sanctions when imposed would thus create economic distortions beyond anything the post-Tito economy created on its own.

#### IMPOSE MAXIMUM COST ON YOUR ADVERSARY

Impose sanctions quickly and comprehensively. Ratcheting up allows target countries to seek support elsewhere and develop a stronger sense of nationalism among its people. Sender countries did not heed this call; the United Nations slowly imposed sanctions. Maximum costs were not a unifying objective nor was it the objective itself among sender nations. The sanctions implemented over time by the United Nations were as much the act of compromise between permanent Security Council members as anything else. Some were after the removal of Slobodan Milosevic, while others wanted just to cut off the fighting within the now separate republics of the FRY. As the art of compromise prevailed, sanctions slowly came into play that would encourage the Milosevic regime to stop helping the Serbs in Croatia and Bosnia-Herzegovina. While at the same time cause the people of the FRY to throw out Milosevic. Ratcheting as a method failed to accomplish these objectives. The United Nations did not recognize as Licht writes, "Serbs in Serbia and Montenegro achieved the establishment



of their nation-states in the nineteenth century, but Serbs in Croatia and Bosnia-Herzegovina believed that their moment to do the same was upon them. They would continue the struggle even if there was no help from Serbia [FRY] at all.”<sup>71</sup> Not to mention that under Tito, the central part of the country (Bosnia in particular) would serve as the center of any guerrilla war Tito would fight against invading NATO or Warsaw Pact forces. Plenty of weaponry and ammunition was available to all to keep the fight going. Not until sanctions were overwhelming applied, two to three years into the conflict, did any significant impact occur.

#### APPLY SANCTIONS DECISIVELY OR “IN FOR A PENNY IN FOR A POUND”

The HSE study illustrated that reducing a target countries GNP by 2 percent or greater often invites success. This was certainly the case overall in the target country.

GDP	91*	92**	93	94	95	96	97	98	99	2000
FRY % Change	24.7	-26.7	-26.5	8.3	7.6	-10.3	13.7	-13.9	9.6	-42.3
* Includes all Yugoslavian Republics					** Includes only the current FRY					

TABLE 2 - FORMER YUGOSLAVIA GDP <sup>72</sup>

Initial success is evident by examining GDP figures. However, loss of GDP was not all-inclusive to sanctions as discussed earlier. Nevertheless, there is still “goodness” in this data. Clearly, the Serbian led FRY was suffering, both the people and the government. Serbia was dependent of 50 percent of its production for export to either former Yugoslavian republics or other countries.<sup>73</sup> By ratcheting sanctions, the FRY was able to find some substitutes for key industry items. For example, the FRY still had some, albeit limited, internal oil deposits. “Approximately one-third of its oil is produced domestically, and that is apparently enough to supply the military and essential industries, even if it means severe hardships for ordinary Serbs.”<sup>74</sup> Some of the old socialist heavy industries such as steel actually enjoyed a brief respite from outside competition. By slowly ratcheting, regular FRY citizenry adjusted to a new life style and began to engage in black marketing. “In both petty and grand ways, sanctions led to virtually everyone to be involved in illegal activities through hiding income, misappropriating public resources, smuggling or accepting smuggled goods.”<sup>75</sup> The FRY people became a “society of individual survivors.”<sup>76</sup> The psychological shock desired by the outside world creating a change in regime would not happen very quickly without decisive and immediate sanctions.

## DON'T PAY TOO HIGH OF A PRICE FOR USING SANCTIONS

This is not an issue for the United States as discussed earlier or for Western Europe on the macro level. However, they were impacts on others. Many of the other Balkan countries at the time of these sanctions were stepping timidly into the field of free market economies and democratic governments. They were trying to throw off traditional, unprofitable, state run heavy industries while continuing to provide many socialist (and very costly) welfare programs for their citizens. It was hard for these countries to swallow United Nations sanctions, backed by the major industrial powers, on a neighboring country and trading partner. Once the United Nations banned transshipments, the cost to many of these countries was very high. Many of these countries depended on the Danube River and the FRY road and rail system to move their products to ports for buyers in the West and East. Blocking transshipments through the Danube was costly. Bulgaria reported to the United Nations sanctions cost the nation totaled more than \$10 billion since the beginning of sanctions.<sup>77</sup> Romania estimated the impacts of sanctions and bombings disrupting transportation routes cost \$300 million in lost revenue annually.<sup>78</sup> The United Nations must remain cognizant of such impacts and prepare to assist other countries unintentionally affected either directly or through member nations.

## SELECT THE RIGHT TOOL FOR THE JOB

Use what you need to get the job done. Sanctions are better suited in obtaining modest policy goals or military impairment (nonproliferation or technology). Goals that are too broad become unobtainable. The initial use of sanctions in Yugoslavia was to stop the fighting. An arms embargo was the sanction utilized. The sanction itself was not enough to stop the fighting. Existing weapons were plentiful and so were the suppliers. The embargo was simply not enough without other means or tools applied by the outside world. Eventually, the United Nations focused sanctions, fine-tuned them and added other means to the effort thus creating conditions for policy shifts. Only then do we begin to see incremental shifts beginning to take place that ultimately led to the Dayton Accords. Oudratt writes, “[e]conomic sanctions combined with the threat of military force – not the long-term effects of sanctions alone – was the key to changing Milosevic’s behaviour.”<sup>79</sup> Later, very specific financial and travel restrictions on Milosevic and his principal supporters drove home directly the sense of isolation and desperation created by not having access to their money.

Financial sanctions, often the easiest and quickest to implement were among the last employed leading up to the Dayton Peace Accords and again at the ouster of Milosevic in 2000. Selden proposes, “[t]he threat of cutting off Serbia’s access to international capital weighed

heavily on Milosevic and may have been an important factor that drove him to sign the Vance-Owen peace plan. Lord Owen said, “[h]e (Milosevic) did not want financial sanctions. We should have imposed financial sanctions, months, even years ago.”<sup>80</sup> Cutting off funds, credits and loan guarantees would not only put his government’s treasury at risk but Milosevic’s personal wealth as well.

## DON’T OVERESTIMATE THE USE OF INTERNATIONAL COOPERATION

Yugoslavia, in whatever form of the nation you select, was not an island geographically. The border was porous. It shared numerous mountainous national borders, waterways such as the Danube, and the Adriatic Sea. This set the conditions for multiple points of entry. Declarations were not going to have an impact. Even resolutions that finally authorized enforcement of sanctions would not carry any weight without viable instruments backing them up. The United Nations leveraged member nations and separate organizations to tighten impacts of sanctions. “NATO and Western European Union (WEU) ships began to patrol the Adriatic, and U.S. customs inspectors were installed as monitors on the Romanian and Macedonian borders with Serbia. In addition, neighboring countries, particularly Romania was pressured to control traffic on the Danube.”<sup>81</sup>

Active assistance from a broad range of national and international actors was the only way to ensure the successful impacts of sanctions. The United Nations acting as itself or another country alone such as the United States would not have ability to enforce sanctions on the scale needed to affect Yugoslavia without border countries and others cooperating.

## PLAN CAREFULLY

Sanctions are often called a blunt instrument. Senders must consider and plan for as many unintended consequences as possible. In the case of Yugoslavia, and in many other sanctions episodes, it is the people and other institutions that are the unintended consequences. The FRY citizenry rapidly transformed into a “society of individual survivors.”<sup>82</sup> Unemployment went from 14 percent in 1991 to 39 percent in 1993. By 1998, 56 percent of all working women (30 percent of all adult women) are unemployed. In two years after the imposition of sanctions, Yugoslavians spent 60 percent of all income on food. Refugees, with the FRY, climbed to 503,000 by the mid-1990s. Schools that could operate went to three shifts of students for three-hour days.<sup>83</sup> Other organizations suffered from unintended consequences.

Sanctions hampered outside news and opposition media. Western publications were no longer delivered cutting off another view of the world to the people. Newsprint was in short

supply. Milosevic ensured supplies to government presses and friendly publications. Print media is a critical asset, especially in the era before the internet and widespread satellite television access. Milosevic controlled the electronic media as well. Selden points out, "Serbian television and other mass media are for the most part in the hands of nationalists who consistently broadcast messages to "encourage the ostracized Serbs to stand up to what has been cast as a sinister plot to obliterate their nation."<sup>84</sup> For much of the sanctions period, the media and lack of outside media influence enabled Milosevic to paint this a historic struggle against external foes. Outsiders caused their suffering, not the government.

## INFORMATION OPERATIONS

Information operations are one of three additional architecture items I recommend policy makers build into sanctions. Make sanctions visible to all. Information operations show everyone why governments of the world are punishing a country. This is essential especially in democracies where public/voter input is important to the national leadership. Proper information operations allow sender country citizens to prepare for what are coming, messages from multiple media sources showing refugees, target country citizens in bad health and despair for example.

Information operations directed at the target country is also important. This was somewhat more difficult in the early periods of the sanctions as discussed in the last section. The target country's citizens will resist the sender's efforts if its only source of information is government-controlled media. Milosevic turned unemployed workers into army recruits ready to defend Greater Serbia. He was able to turn many apolitical Serbs into supporters because of media influence. He was able to show the West violated the Serb sense of fair play since other Yugoslavians (Croats and Slovenes) were also just as guilty of the same charges as Milosevic. Their support was critical, enabling Milosevic to hang on much, much longer.

## TIME

It is very difficult to gage the time needed for sanctions to stay engaged. Sender countries should not make sanctions a permanent feature of its national policy against the target country. Over time, targeted countries will compensate through internal assets or seek out third party assistance. This "white knight,"<sup>85</sup> such as the Soviet Union's support to Cuba, can offset impacts initially created by the sender country. Problems may continue to plague a sender nation well after sanctions without a white knight.

Damages to the target country's infrastructure over a long period time may overwhelm a nation and inhibit recovery. For example, Yugoslavian schools and hospitals have fallen into

disrepair and do not have the necessary tools to perform their functions.<sup>86</sup> We do not want to get into another Marshall Plan spending even more of our treasure to get a country back on its feet.

#### SANCTIONS SERVED ON FRIENDS WORK BETTER

The cost of not complying with the sender's wishes for the target country is too great because of the strong desire for close ties economically and/or culturally. This is a consideration when formulating a sanctions program. However, Yugoslavia would not fall into the category of a friend or foe. Before the late 1980s, the United States reluctantly tolerated Yugoslavia for pragmatic reasons. Yugoslavia borders on two NATO allies, Italy and Greece. We wanted to see Yugoslavia remain outside the Soviet orbit. Yugoslavia was a positive example to Soviet bloc countries if they would break free from the Soviet Union. Our policy and much of the West's attitude towards Yugoslavia was independence, unity, and territorial integrity.<sup>87</sup>

Closing economic, social and cultural ties by the United States would not cause serious issues with the Yugoslavian people or government. There is no evidence this concept was anymore beneficial for European nations with closer ties to Yugoslavia.

#### EFFECTIVENESS SUMMARY

The United Nations did not initially follow the sanctions architecture discussed (HSE plus information operations, time and relationships). The United Nations indirectly came to consider and use all of the above sanctions architecture design rules. As discussed, depending on the sender country and issues involved, some of the guidelines discussed will take on a great weight than others. Had the United Nations used this outline in the beginning sanctions would have been a more effective policy tool earlier in the Yugoslavian issue. However, it is hard to fault the United Nations completely. The United Nations and especially the United Nations Security Council must move with consensus. A consensus in Yugoslavia was initially difficult to achieve due to many factors including economic and cultural ties between the permanent members of the Security Council and various factions in Yugoslavia. The United States acting alone and with initially a different focus, as discussed in examining the HSE recommendations for a successful sanction action, would not have likely achieved any results.

## WHAT MIGHT HAVE BEEN?

No one can change history. However, one can suggest the form sanctions would take if they were designed from beginning using the HSE principles along with the additional guidelines of information operations, time and relationship between target and sender.

Initially, the overall goal was to stop the fighting, restore borders, and stabilize the fledging countries so that peaceful coexistence might take root. Achieving these goals was only possible once the FRY was contained and dissuaded from further adventures either externally or internally.

Careful planning to achieve these goals is necessary. Analysis using the HSE model would have required, in military terms, identifying the center of gravity. Just like in a strategic military operation, a campaign plan would have been laid out taking in all factors of national power: diplomatic, economic, military and information. Analysis would have identified the center of gravity to achieve the results listed above. The center of gravity is more specific than the target nation. Placing the center of gravity of the target into the sender's gun sight would have clearly identified the sanction weapons best suited to obtain the desired effects. Analysis would also show that the goals listed above are very difficult and far-reaching to achieve. The bar or goals are set very high. Center of gravity analysis should have revealed that in a semi-democracy the leadership is less susceptible to public dissatisfaction or hardship than a typical Western democracy. Sanctions against the FRY should have been targeted towards the ruling elite and supporting military rather than only the FRY citizenry in general. Although in a semi-democratic state such as the FRY, you will want to apply pressure to the people. Make them uncomfortable in order to ferment discontent with the ruling elite.

However, campaign analysis would also show that sanctions could help in the overall plan to achieve the goals but not alone. Many of the principles laid out in the HSE model were decisively in the United Nations' favor. Clearly, the United States and the European Union could inflict sanctions on the FRY. They were overwhelmingly larger in relative GDP, trade relations between target and sender was definitely a one-way street, and they had stable governments. The FRY needed the United States and the European Union more than they needed the FRY in terms of trade.

Using the HSE model would have led to placing sanctions immediately and more precisely. The United Nations did use a number of sanctions. However, they were piecemeal and not applied in a timely or enforceable manner. HSE principles would tell you to strike hard and fast once you decide to achieve your goals. The initial sanctions were imposed over a three-year period instead of a three-day or three week period for example.

The HSE model would have pointed towards applying three types of sanctions very quickly. Apply enforceable weapons, trade and financial sanctions all at once not over a three-year period. Weapons sanctions, especially focusing on spare parts and sophisticated weapon systems, are needed to cut down their proliferation and to hinder further military operations. Trade sanctions quickly barring imports and exports of most items would deny the FRY income to support its conquests or middling. Finally, financial sanctions are needed to disrupt commerce immediately, but to also deny the ruling elite the ability to access their personal funds anywhere in the world.

Additionally, using the suggested information operations, time and relationship guidelines would have enhanced this analysis further. Do not prohibit certain items from the FRY. Selectively allow some items such as humanitarian aid and information. Win the public relations battle. Allow newspapers, magazines and media to penetrate freely. Granted the targeted country may move to stop these imports. However, in the case of newspapers and magazines, it will cause the targeted nation to use its resources to stop the flow of information. Do not do it for them. Actions like these will let FRY citizens observe the efforts of their government to stop access and lead to questioning. Do not allow FRY or its people time to adjust. Overwhelming the targeted nation with sanctions would reduce the amount of time needed to achieve the desired behavior. Relationships directly between the United Nations, United States or the European Union with the FRY did not provide significant leveragability. However, these organization and countries did have significant influence with mutual friends of the FRY and themselves. Let other countries know, in very clear terms, they would face swift and overwhelming sanctions if found helping the FRY.

Finally, synchronize sanctions with mutually supporting diplomatic, military and information operation actions designed to complement each other.

## **CONCLUSION**

Sanctions are an effective policy weapon when used in a planned manner with other national policy tools to achieve the desired political goals for the United States against a targeted country.

National leadership should use sanctions to assist with achieving modest policy goals. The United States must consider all impacts home and abroad including our allies and the target country. Sanctions are most effective when they are multilateral, quick, and decisively aimed at the proper center of gravity in the target country. HSE do not necessarily support

multilateral sanction operations. However, only multi-national cooperation predicated success in Yugoslavia.

Policymakers should use HSE's nine guidelines when building a sanctions program or architecture while maintaining the ability to adapt as appropriate. National leadership should also include the additional factors of information operations; length of time involved and ties to the target country. They also need to consider how to mix sanctions with other forms of national power such as military and diplomatic issues. As shown in this paper, sanctions alone will not cause significant behavioral changes in a target country.

However, sanctions will bring the power of the purse to bear on a target country. A carefully considered, crafted plan to use sanctions in conjunction with other elements can and should be use in future efforts by the United States whether alone or preferably in a multi-national context.

WORD COUNT: = 11,395





## ENDNOTES

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<sup>2</sup> Gary Hufbauer and Barbara Oegg, "A Short Survey of Economic Sanctions," ; available from <http://www.ciaonet.org/teach/cs/hug01>, 1.

<sup>3</sup> Richard N. Haass, ed., Economic Sanctions and American Diplomacy, (New York, NY: Council on Foreign Relations Books, 1998), 1.

<sup>4</sup> Gary C. Hufbauer, Jeffrey J. Schott, and Kimberly A. Elliott, Economic Sanctions in Support Of Foreign Policy Goals (Washington, DC: Institute for International Economics, 1986), 29.

<sup>5</sup> Ibid., 29.

<sup>6</sup> Ibid., 4.

<sup>7</sup> Paraphrased from Jean-Marc F. Blanchard, Edward D. Mansfield, and Norrin M. Ripsman, eds., Power and The Purse Economic Statecraft, Interdependence and National Security (Portland, OR: Frank Cass, 2000) 3.

<sup>8</sup> "Sanctions," Issues & Controversies, 27 October 2000; Available from <http://www.2facts.com/icof/search/i10502390.asp>; Internet. Accessed 30 August 2002.

<sup>9</sup> Patrick J. DeSouza, ed., Economic Strategy and National Security, (Boulder, CO: Westview Press, 2000), 112.

<sup>10</sup> Ibid.

<sup>11</sup> Haass, 1.

<sup>12</sup> DeSouza, 141.

<sup>13</sup> U.S. International Trade Commission, "ITC Identifies 42 Separate Federal Laws that Authorize Unilateral Economic Sanctions," News Release 98-064 8 September 1998. Available from <http://www.usitc.gov> . Internet. Accessed 23 August 2002.

<sup>14</sup> Department of the Army, Core Curriculum Course 2: "War, National Security Policy & Strategy," U.S. Army War College DNSS Readings Volume 1 (Carlisle, PA: U.S. Army War College, Academic Year 03), 147.

<sup>15</sup> The target countries from earliest to latest: South Africa, Iraq, Yugoslavia, Libya, Somalia, Haiti, Angola, Rwanda, Liberia, Sierra Leone and Afghanistan. Countries in which sanctions are currently lifted or not enforced are South Africa, Yugoslavia, Libya, Haiti and Rwanda. United Nations Security Council, Global Policy Forum, Meetings of Security Council Sanctions Committees, 1990-2000, available from

<http://www.globalpolicy.org/security/data/sancmtgs.htm> . Internet. Accessed 24 September 2002.

<sup>16</sup> Hufbauer and Oegg, 2.

<sup>17</sup> Robert A. Pape, "Why Economic Sanctions Do Not Work," International Security, 22(Fall 1997): 92.

<sup>18</sup> Haass, 5.

<sup>19</sup> David Baldwin, Economic Statecraft (Princeton, NJ: Princeton University Press, 1985), theme discussed in Haass, 5.

<sup>20</sup> Haass, 5.

<sup>21</sup> Robert A. Pape, "Why Economic Sanctions Do Not Work," International Security, 22 (Fall 1997): 99.

<sup>22</sup> Tom Carter, "Are Sanctions Really Working? Some Dispute Effectiveness in Foreign Policy," available from <<http://www.usaengage.org/archives/news/971110wt.html>; accessed 11 December 2002.

<sup>23</sup> Congressional Budget Office, The Domestic Costs of Sanctions on Foreign Commerce (Washington, DC: U.S. Congressional Budget Office, March 1999); available from <http://www.cbo.gov/showdown.cfm?index=1133&sequence=2> . Internet. Accessed 9 September 2002.

<sup>24</sup> General Accounting Office, Economic Sanctions Effectiveness as Tools of Foreign Policy, (Washington, D.C. : U.S. General Accounting Office, February 1992), 14.

<sup>25</sup> Hufbauer, Schott, and Elliott, 85.

<sup>26</sup> Ibid., 77.

<sup>27</sup> Ibid., 79.

<sup>28</sup> Hufbauer and Oegg, 5.

<sup>29</sup> Hufbauer, Schott, and Elliott, 80.

<sup>30</sup> Jeffrey L. Johnson, Economic Sanctions: Effectiveness as A Foreign Policy Tool in the Case of the Former Yugoslavia, (Monterey, CA: Naval Postgraduate School, 1998), 40.

<sup>31</sup> Haass, 83.

<sup>32</sup> General Accounting Office, Economic Sanctions Effectiveness as Tools of Foreign Policy, (Washington, D.C. : U.S. General Accounting Office, February 1992), 25.

<sup>33</sup> Ibid., 28.

<sup>34</sup> David Cortright and George A. Lopez, Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World (Boulder, CO: Westview Press, 1995), 23.

<sup>35</sup> United Nations, "Report of the Copenhagen Round Table of UN Sanctions In the Case of the Former Yugoslavia," available from <http://www.globalpolicy.org/security/sanction/sanct96.htm>; accessed 11 November 2002.

<sup>36</sup> Zachary A. Selden, Economic Sanctions as Instruments of American Foreign Policy, (Wesport, CT: Praeger Publishers, 1999), 68-69. I have condensed this account of the historical period.

<sup>37</sup> Congress, Committee on Security and Cooperation in Europe, Political Turmoil in Serbia, 104<sup>th</sup> Cong., 2d sess., 12 December 1996. Pages 43-45 provide a very comprehensive overview of the historical period. I have condensed this account of the historical period.

<sup>38</sup> Johnson, 15.

<sup>39</sup> Congress, OSCE, 43-45.

<sup>40</sup> Ibid., 44.

<sup>41</sup> Ibid., 44.

<sup>42</sup> Selden, 70.

<sup>43</sup> Warren Zimmermann, "Yugoslavia: 1989-1996," Available from <http://www.rang.org/publications/cf/cf129/cf-129.chapter11.html>; Internet; Accessed 11 November 2002.

<sup>44</sup> Johnson, 27.

<sup>45</sup> Zimmermann, 2.

<sup>46</sup> Stephen J. Stedman, "The Former Yugoslavia," in Economic Sanctions and American Diplomacy, ed. Richard I. Haass (New York: 1998), 181.

<sup>47</sup> U.S. Department of State, "Bosnia Fact Sheet: Chronology of the Balkan Conflict," 6 December 1995; available from [http://www.state.gov/www/regions/eur/bosnia/balkan\\_conflict\\_chron.html](http://www.state.gov/www/regions/eur/bosnia/balkan_conflict_chron.html); Internet; accessed 11 November 2002.

<sup>48</sup> Susan L. Woodward, "Yugoslavia Divide and Fall," 1993; Available from <http://www.thebulletin.org/issues/1993/n93/n93Woodward.html>; Internet; Accessed 11 November 2002.

<sup>49</sup> Secretary General Kofi Annan, 2, quoted in George A. Lopez, David Cortright and Julia Wagler, "Learning from the Sanctions Decade," Summer 2000; available from <http://fourthfreedom.org/php/t-si-index.php?hinc=isa.hinc>; Internet; accessed 23 September 2002.

<sup>50</sup> United Nations, "Use of Sanctions Under Chapter VII of the UN Charter on the former Yugoslavia," January 2002; available from <http://www.un.org/news/ossq/fy.htm>. Internet; Accessed 11 November 2002.

<sup>51</sup> United Nations, Security Council, Global Policy Forum, Meetings of Security Council Sanctions Committees, 1990-2000; available from <http://www.globalpolicy.org/security/data/sancmtgs.htm>. Internet. Accessed 24 September 2002.

<sup>52</sup> Federation of American Scientists, "The Former Yugoslavia: Chronology January 1990 – 1 November 1995," n.d.; available from [http://www.fas.org/man/dod-101/ops/docs/yugo\\_chronology.htm](http://www.fas.org/man/dod-101/ops/docs/yugo_chronology.htm); Internet; accessed 11 November 2002.

<sup>53</sup> United Nations, "Use of Sanctions Under Chapter VII of the UN Charter on the former Yugoslavia," January 2002; available from <http://www.un.org/news/ossq/fy.htm>. Internet; Accessed 11 November 2002.

<sup>54</sup> Ibid.,

<sup>55</sup> Johnson, 44.

<sup>56</sup> United Nations, "Use of Sanctions Under Chapter VII of the UN Charter on the former Yugoslavia," January 2002; available from <http://www.un.org/news/ossq/fy.htm>. Internet; Accessed 11 November 2002.

<sup>57</sup> Stedman, 184.

<sup>58</sup> United Nations, "Use of Sanctions Under Chapter VII of the UN Charter on the former Yugoslavia," January 2002; available from <http://www.un.org/news/ossq/fy.htm>. Internet; Accessed 11 November 2002.

<sup>59</sup> U.S. Department of Commerce, "Yugoslavia: What You Should Know about U.S. Sanctions," 18 June 1998; available from <http://www.mac.doc.gov/eebic/balkan/santions/yugo2.htm>; Internet; accessed 11 November 2002.

<sup>60</sup> U.S. Department of Commerce, "Review of Outer Wall Sanctions Against the FRY (Serbia and Montenegro)," n.d.; available from <http://www.mac.doc.gov/eebic/countryr/frysm/frywall.htm>; Internet; accessed 11 November 2002.

<sup>61</sup> U.S. Department of Commerce, "Notice of Removal of FY Yugoslavia Sanctions," 5 March 2001; available from <http://www.mac.doc.gov/eebic/countryr/fyrm/frysantionsnew2.htm>; Internet; accessed 11 November 2002.

<sup>62</sup> Stedman, 189.

<sup>63</sup> Zimmermann, 7.

<sup>64</sup> Stedman, 178.

<sup>65</sup> The Economics Intelligence Unit, World Outlook 1996, (London: Economist Intelligence Unit, 1966), 153.

<sup>66</sup> International Monetary Fund, Direction of Trade Statistics 1993, (Washington, D.C., 1993), 404.

<sup>67</sup> Ibid., 419.

<sup>68</sup> Selden, 66.

<sup>69</sup> Ibid.

<sup>70</sup> Sonja Licht, "The Use of Sanctions in Former Yugoslavia, in Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World?, ed. David Cortright and George A. Lopez (Boulder: Westview Press, 1995), 156.

<sup>71</sup> Ibid., 154.

<sup>72</sup> International Monetary Fund, Direction of Trade Statistics 1997 & 2001, (Washington, D.C. 1997 & 2001), 147 & 226.

<sup>73</sup> Woodward, 3.

<sup>74</sup> Selden, 74.

<sup>75</sup> Predrag Jovanovic, "A Decade Under Sanctions," n.d.; available from <http://www.transparenthost.org/sources/s010.htm>, Internet; accessed 7 December 2002, 2.

<sup>76</sup> Ibid., 4.

<sup>77</sup> United Nations, "Clearer Definition, Tighter Targeting of UN Sanctions," 17 April 2000; available from <http://www.globalpolicy.org/security/sanction/sanc6845.htm>; Internet; accessed 8 December 2002, 17.

<sup>78</sup> Gary Dempsey and Aaron Lukas, "Time to End the War Against Yugoslavia," 11 June 2001; available from <http://www.cato.org/cgi-bin/scripts/printtech.cgi/dailys/06-11-01.html>; Internet; accessed 11 November 2002.

<sup>79</sup> Chantal de Jonge Oudraat, "Making Economic Sanctions Work," Autumn 2000; available from [www.ceip.org/files/publications/pdf/Survival.pdf](http://www.ceip.org/files/publications/pdf/Survival.pdf); Internet; accessed 6 December 2002, 6.

<sup>80</sup> Selden, 66.

<sup>81</sup> Woodward, 1.

<sup>82</sup> Jovanovic, 4.

<sup>83</sup> Jovanovic, 4.

<sup>84</sup> Selden, 73.

<sup>85</sup> Kimberly Ann Elliott, "The Use of Sanctions in Former Yugoslavia," in Economic Sanctions: Panacea or Peacebuilding in a Post-Cold War World?, ed. David Cortright and George A. Lopez (Boulder: Westview Press, 1995), 56.

<sup>86</sup> Jovanovic, 4.

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